

## Randall Rhodes

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**From:** Wilton Burnett [Wilton.Burnett@state.tn.us]  
**Sent:** Thursday, October 26, 2006 11:40 AM  
**To:** David Fite  
**Cc:** Debbie Thrash; Jimmy Williamson; Phillip Richard Carriger; Randall Rhodes; Kyle Spurgeon; Hal Boyd; John Lannom; James Lloyd; Ann Vix; David Bowling; Frank McGuffin; Macie Roberson  
**Subject:** RE: Building Finance Committee Documents Coming To ECD

David,

You ask an important and vital question. For that reason, I am taking the liberty to share my response with the other committee members who will be in attendance tomorrow as well as staff and the applicant parties.

The initial effort with the whole idea of the port and industrial park had mostly to do with establishing that, indeed, if it was built, the likelihood was that the business would come. This was a factor which had to be strongly indicated to the Corps before it could do much along the lines of serious study.

The first indicator of the unique value and attraction of the site was that I, the Dyersburg Chamber, Forcum Lannom and Lake County officials had personally stood on it with Nucor Steel, ConAgra and reps of other major real potential industrial locations and heard the lament that they would like to locate there but that achieving a new port and getting in the infrastructure needed would just take too long. The statement that well over a billion dollars in investment has walked away from Cates Landing for the lack of the basics now propose is absolutely true.

Secondly, Younger & Associates of Jackson, along with some assistance from TVA and others, undertook a regional survey which involved a significant mailout survey to industries regarding the likelihood that they might use the port if it were available. Like all such surveys, there was only a partial response. But there was enough real indication in that response to substantiate the findings you will see summarized at Tab D.2. We can get that full report to you if desired.

The next level of economic study involved the Corps. In order to justify any Corps investment in the project, its study had to indicate a positive benefit/cost ratio based solely upon the transportation savings which would likely be realized if the port were there. This had to meet the very conservative study requirements of the National Economic Development Model. Dr. Ian McDevitt at the Memphis District was the lead on this study which you can find summarized at Tab D.4. This study took no account of projected investment, wages, tax revenue increases, etc.

As you can see, it projected a benefit/cost ratio of 1.89. Jim Lloyd with the Corps will be on line tomorrow and can address your further questions. But this result was enough proof to the Corps hierarchy all the way to Washington and back for it to justify investing up to \$4M in a port facility. This was at a time when the Corps was under considerable political heat for so called "pork barrel" projects.

Next, we have a governor who is a right astute businessman and is pretty tight with state dollars but also a visionary. The applicants brought their hopes, aspirations and engineering and economic studies to him in the Spring of 2004 to ask for state assistance. His response was to have the Sparks Center for Business & Economic Research at the University of Memphis review the previous studies and give their opinion on the project. You will find that at Tab D.3. Said opinion was sufficient for Governor Bredesen to endorse the project and pledge state financial resources to the same.

My answer on "where the business is coming from" is that the applicants can name some very likely customers but that, as with most speculative industrial parks, studies indicate that, given the presence of the controlled property and basic infrastructure proposed, the likelihood is that the business will materialize. That is about all that any community can put in front of the committee. In this case, it is more study based for an area without a park or industrial development track record where, in a Jackson or Murfreesboro, there is a history of growth and need for industrial properties. This is most definitely a bold step for a financially limited community. But it is a step very well studied and considered by some financially sophisticated folks.

Now, I have addressed the big picture on the project's likely success. The committee must consider that as well as find that Lake County's investment of its \$2,750,000 will not likely become a burden upon its taxpayers. I have specifically asked the applicant to be ready to address this at tomorrow's meeting.

I hope that these comments assist you in your consideration of the application and preparation for tomorrow's meeting. Thank you for the question.

Wilton

>>> "David Fite" <DFite@hmcompany.com> 10/26/06 10:21 AM >>>

Wilton, I've thumbed through the application and have seen projected income for the harbor but no definition of where the business is coming from. Is it real? Who and what is it? I just see projected numbers. Have I missed something?

David

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-----Original Message-----

From: Wilton Burnett [mailto:Wilton.Burnett@state.tn.us]  
Sent: Wednesday, October 25, 2006 3:54 PM  
To: David Fite; Linda Davis  
Subject: Building Finance Committee Documents Coming To ECD

I forgot to give you ECD's account number with UPS for anything you need to overnight. It is: 83V325.